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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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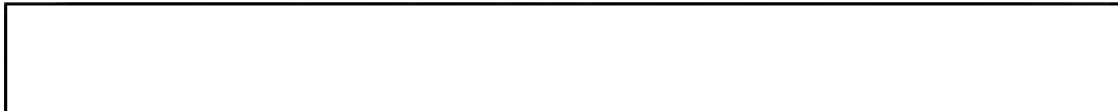
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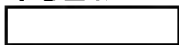
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Jozef Cyrankiewicz  
Chairman of State Council  
(Head of State- President)

POLAND



Piotr Jaroszewicz  
Chairman of Council of Ministers  
(Premier)

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POLAND: Party chief Gierek has made swift changes in top government positions and has announced policies calculated to win popular support.

Piotr Jaroszewicz, who as deputy premier was czar of Poland's heavy industry for the past 18 years, is the new prime minister. A man of action and of definite ideas, he will bring toughness, an impatience with weakness or failure, and a pragmatic bent to the post. Jaroszewicz, who is 61, has been a Communist for nearly 40 years, but since a narrow escape from imprisonment during the Stalinist purges in the 1950s, he has stayed clear of party factionalism. He visited the US in 1960, and happened to be in Moscow on other business last weekend as the party changes were taking place.

Jozef Cyrankiewicz, who was premier for 21 years, with a two-year break during the purge period from 1952 to 1954, has been relegated to head the collective presidency, the Council of State. He replaces Gomulka's friend, Marian Spychalski, who was ousted from the party politburo on Sunday.

The rest of the initial governmental shifts are designed to emphasize change in economic and social policy, and continuity in the key areas of foreign and defense policy. The texts of Gierek's and Jaroszewicz's speeches to the parliament yesterday are not yet available, but initial reporting indicates that pocketbook concessions will be made to most of the workers.

Gierek for example, reportedly announced that nearly all food prices would be frozen for the next two years, and that the cost of durable consumer goods would be lowered further as soon as production costs go down. Following up a promise made Sunday,

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POLISH GOVERNMENT CHANGES  
23 December 1970

	<u>OLD</u>	<u>NEW</u>
Head of State	Marian Spychalski (retires)	Jozef Cyrankiewicz (P)
Premier	Jozef Cyrankiewicz (P)	Piotr Jaroszewicz (P)
Deputy Premier	Piotr Jaroszewicz (P) (promoted to Premier)	Franciszek Kaim (former Minister Heavy Industry)
Deputy Premier	Stanislaw Kociolek (P) (recalled to full time party work)	Jan Mitrega (retains Ministry of Mining and Power)

Five other deputy premiers retained

Ministries:

Engineering Industry	Janusz Hryniewicz	Tadeusz Wrzaszczyk
Heavy Industry	Franciszek Kaim	Wlodzimierz Lejczak

25 remaining portfolios not affected

(P) - Party politburo member

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Gierek said \$300 million would be assigned by the government to improve the lot of families with the lowest incomes.

In his maiden speech, Premier Jaroszewicz announced that his government will aim for full normalization of relations with the Roman Catholic Church. The regime clearly hopes for endorsement by the clergy in their sermons at midnight masses. About 90 percent of Poland's population is Catholic; and the announcement will be welcomed after many years of sporadic confrontations and uneasy truces between church and state.

The country is quiet; normalcy even seems to be returning to Szczecin. [REDACTED]

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COMMUNIST CHINA - US: Peking has spelled out its guidelines governing the sales of Chinese products in response to US trade initiatives.

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Peking will continue to allow indirect sales by state-owned enterprises through third countries to the US. Direct sales by any state-owned enterprise to US firms no matter where they are located are still expressly prohibited.

In addition, Chinese who are appointed to sell Chinese products outside of the country and in Hong Kong, may continue to sell such merchandise as arts and crafts, native products, and some light industrial goods directly to US consumers. These Chinese agents are forbidden, however, to sell such products as chemicals, machinery, minerals, and any other heavy industrial goods directly to the US.

These policies are not new, but Peking may have decided to clarify them as an interim measure in anticipation of an increase in contacts between Chinese and US businessmen, especially in Hong Kong.

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Thus far, the Chinese have displayed a willingness to buy US-manufactured goods through third countries, but have shown little interest in buying directly from US firms or individual businessmen.

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LIBYA: Prime Minister Qadhafi may be attempting to form a "progressive" Islamic bloc to undermine conservative Arab regimes.

The widely publicized first "conference for the propagation of Islam," held in Tripoli from 12-16 December, has issued a final communiqué calling for the formation of a permanent organization based in Libya. This "unofficial" conference of Muslim scholars may represent an attempt by Qadhafi to upstage such religiously conservative regimes as Saudi Arabia and Morocco at the Islamic summit conference that opens in Karachi on 26 December.

King Faysal of Saudi Arabia has long pressed for the creation of an Islamic secretariat under conservative control, and Qadhafi may be trying to provide a more progressive alternative, which might well have wider appeal. He may also be making a bid to assume Nasir's influence among the black Islamic peoples of northern and western Africa.

In a broader context, Qadhafi's dabbling in Islamic politics, coinciding with a strident Libyan political campaign against Jordan's King Husayn, initiated on 9 December, suggests that a concerted drive to isolate the conservative Arab regimes may be in progress. The visit of Algerian Premier Boumediene to Libya beginning on 26 December may give such a campaign more momentum.

Qadhafi may well contemplate some connection between the new organization in Tripoli and the proposed "progressive" quadripartite alliance of Egypt, Sudan, Syria, and Libya. There have been rumors that Algeria will endorse in principle the nascent alliance and Libya's effort to enhance its Islamic image may possibly be designed in part to impress Boumediene.

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SENEGAL: The first Pan-African youth congress since 1967, scheduled to open in Dakar on 26 December, may generate much rhetoric but is expected to produce few concrete achievements.

Last month, the Senegalese sent missions to various parts of the continent to generate interest in the meeting, which is being billed as the third conference of the long-moribund Pan-African Youth Movement. The conference organizers have indicated they expect over 200 delegates from some 40 African countries and from six African liberation movements. In addition, invitations reportedly have been accepted by several prominent international Communist-front groups, and by youth delegations representing the Soviet Union, North Korea, and Yugoslavia.

Previous congresses have been dominated by delegates from the more radical French-speaking states, particularly Algeria and Guinea. The Senegalese have indicated they will try to moderate the rhetoric and the resolutions at this meeting, and reportedly intend to bolster their delegation with police agents. Nevertheless, strong anti-Western diatribes can be expected from some speakers. A Tunisian youth leader who plans to attend the congress told a US Embassy officer that the agenda will include such topics as the African liberation movement, the Arab-Israeli conflict, and the recent Portuguese invasion of Guinea.

Senegal apparently has two main objectives in hosting this conference. One is to establish Dakar as a major international cultural center for important gatherings. The second objective, [redacted] is to undercut the position of local antiregime student groups by gaining African and "progressive" acceptance of the Senghor regime's youth movement. The government is likely to be disappointed in this aim, however. [redacted]

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IRAN: The most serious student protests in recent years, which began over academic issues, have taken on antiregime overtones for the first time.

A student strike at Tehran University, which got underway on 25 November as a protest against a new regulation shortening the final exam schedule, spread to Meshed and Isfahan universities on 5 December and to Aryamehr and Tehran Polytechnic by the end of last week. The disruptions forced Tehran and Aryamehr to close down for the remainder of the semester. Police have acted with restraint, entering campuses only at the request of university authorities. Army troops reportedly were used to help clear the Isfahan campus but also acted with restraint.

The US Embassy believes that the student protests were apparently broadened by antiregime elements to include criticism of social issues. Outside inspiration--if not direction--is suggested by the similarity between the student attacks against the Shah and the government, and broadcasts of clandestine Persian-language stations operating from the USSR and Eastern Europe. Furthermore, a number of observers point out that "Communist elements" have apparently mounted coordinated parallel efforts to incite protests against the Shah in Western Europe and the US.

Iranian TV and press coverage of the rioting has stressed outside instigation. It has also reported counterdemonstrations by labor, farm, and other groups expressing support for the Shah's programs and demanding punishment for student agitators.

The embassy foresees no real threat to Iran's internal security as a result of the current incidents. It does note some apprehension among government officials, however, that the current radical exploitation of student dissatisfaction may be only a prelude to more trouble ahead; Tehran anticipates that radical Arabs, with Soviet encouragement, intend to mount an offensive to take over the Arab side of the Persian Gulf.

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BELGIUM: With one minor exception the Belgian parliament has completed action on Prime Minister Eyskens' controversial constitutional reform package designed to ease frictions between the Flemish and Walloon communities. The new powers granted the Flemish and Walloon parliamentary groups will place new demands on the political skills of Belgian leaders. One militant Walloon party has already promised to push for an even greater degree of federalism than is intended in the legislation that will be introduced in parliament next month to implement some of the constitutional reforms.

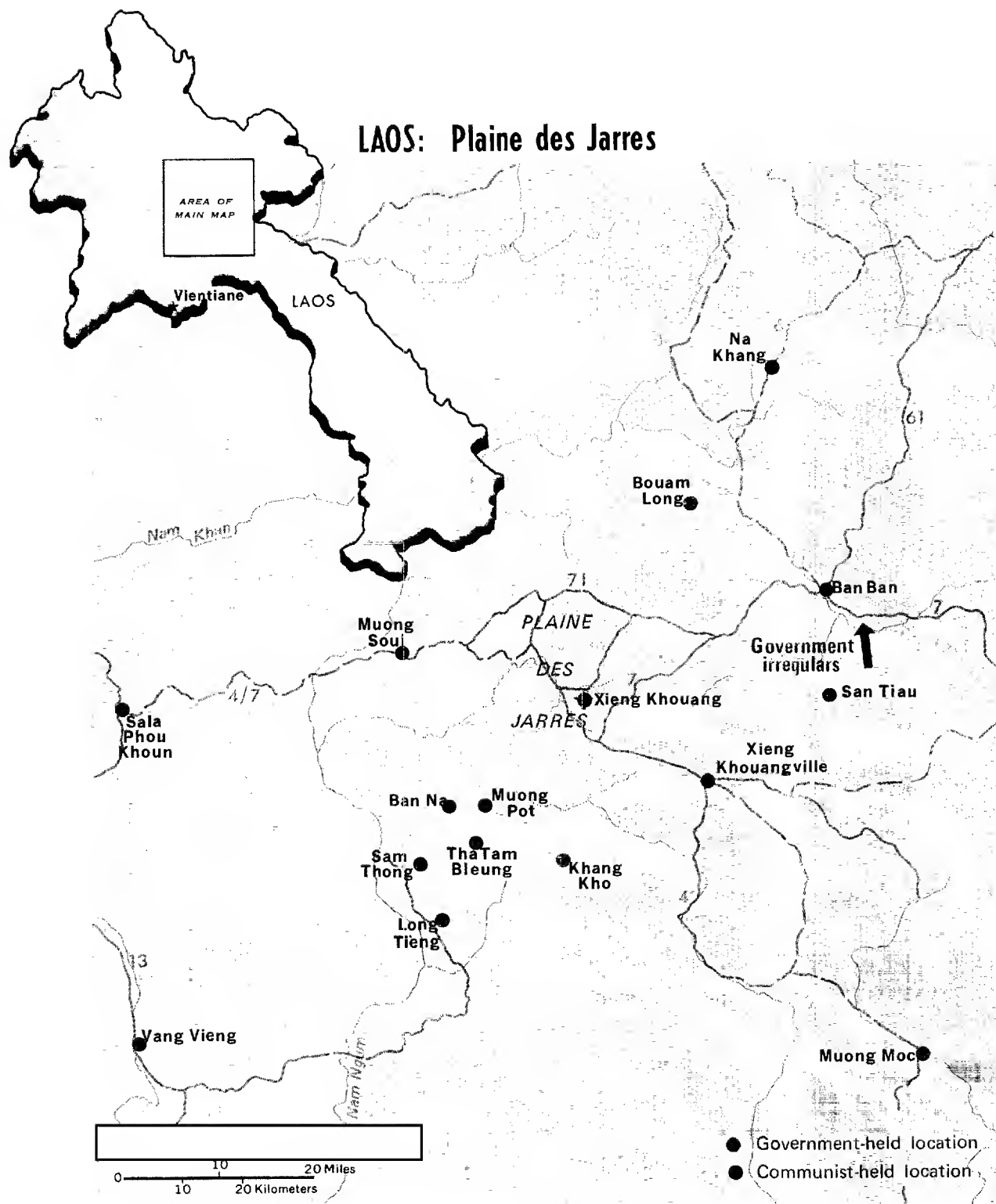
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LAOS: The government's month-long harassing operation against the Communist logistic base at Ban Ban is again moving forward. Two irregular battalions have reached positions just south of Route 7 some five miles southeast of Ban Ban; they have met only limited opposition. Elsewhere fighting has been confined largely to probes and harassing actions, although Communist forces around Ban Na in the north and the Bolovens Plateau in the south continue to plan attacks aimed at driving government forces from those areas. [REDACTED]

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COSTA RICA: Legislative approval of a \$12-million government purchase of highway construction equipment may open the door for additional Soviet trade inroads. [REDACTED]

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[REDACTED] Last June the USSR offered a ten-year credit to finance the purchase with interest at three-to-four percent. Although bids now may be submitted by Japanese and US firms, the Soviet bid is likely to be the lowest and offer the most attractive terms. Should the Soviets win the bidding, the Costa Rican Communist Party will receive a sizable kickback from the deal. The equipment is to be used on a highway project being financed partly by the US Agency for International Development. [REDACTED]

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EQUATORIAL GUINEA: In a recent public speech, President Macias denounced his entire cabinet for allegedly plotting his overthrow and accused one unnamed member of planning his assassination. Agricultural Minister Nsue was subsequently sacked and placed under house arrest, indicating he is a prime suspect. Another minister, a close friend of Nsue, is rumored to be involved as well. These actions suggest that disenchantment with Macias over his strong-arm methods and erratic policies has reached serious proportions in many quarters. At this time, however, Macias seems in full control and the capital is reportedly quiet but tense. A sweeping cabinet shake-up is likely along with widespread arrests. [REDACTED]

\* \* \* \*

LIBYA: The government reportedly has nationalized all financial institutions, an action which culminates a long series of moves against foreign financial interests in Libya. Under decrees issued 22 December the government is to acquire a 60-percent interest in all insurance companies as well as the remaining foreign interest in all banks, giving Libyans 100-percent control. Shortly after assuming power the Revolutionary Command Council (RCC) had enforced previously unimplemented regulations requiring 51-percent Libyan ownership of banks. Subsequently, two Italian banks were sequestered, along with other Italian assets in Libya, and two months ago insurance companies were given a year to turn over 51 percent of their assets to Libyans. [REDACTED]

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